

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 FEA-01 AGR-05 ACDA-07 AID-05 CEA-01
CEQ-01 CG-00 CIAE-00 EPG-02 COME-00 DLOS-09
DODE-00 DOTE-00 EB-07 EPA-01 ERDA-05 FMC-01
TRSE-00 H-01 INR-07 INT-05 IO-13 JUSE-00 L-03
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FM SECSTATE WASHDC
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INFO AMEMBASSY TOKYO
AMEMBASSY TAIPEI
USLO PEKING
AMCONSUL HONG KONG
CINCPAC -

C O N F I D E N T I A L STATE 103531

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, ENRG, KS, JA

SUBJECT: ROK-JAPAN CONTINENTAL SHELF AGREEMENTS

REFS: (A) SEOUL 3608 (NOTAL), (B) SEOUL 3557 (NOTAL).

1. ON MAY 3 MESSRS. PARTRIDGE, SCHREIBER AND LOUGHNEY OF
KOREAN AMERICAN OIL COMPANY (KORAM) CALLED ON DEPUTY
ASSISTANT SECRETARY HEGINBOTHAM FOR REVIEW OF
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ROK-JAPAN CONTINENTAL SHELF AGREEMENTS SITUATION.
PARTRIDGE IS ALSO OFFICER OF HAMITLON OIL AND SCHREIBER
OF WEEKS PETROLEUM.

2. PARTRIDGE SAID HE HAD BEEN INSTRUCTED BY MINISTER OF
COMMERCE AND INDUSTRY CHANG TO ASCERTAIN US POSITION ON
UNILATERAL DRILLING BY KORAM IN JOINT DEVELOPMENT

AREA IF JAPANESE DID NOT RATIFY AGREEMENT. PARTRIDGE SAID KOREANS HAD TOLD KORAM THAT ROKG WAS PREPARED TO CANCEL AGREEMENT WITH JAPAN IF GOJ AGAIN FAILED TO RATIFY AGREEMENT. CANCELLATION WOULD REACTIVATE KORAM'S CONTRACTUAL OBLIGATIONS TO DRILL IN AREA; ROKG HAD GIVEN KORAM MORATORIUM ON THESE OBLIGATIONS UNTIL AGREEMENT CONCLUDED. PARTRIDGE SAID KORAM WOULD BE RELUCTANT TO INVEST IN UNILATERAL EXPLORATION, BUT WANTED TO PROTECT ITS RIGHTS. IT REGARDED THE AREA AS ATTRACTIVE BASED ON LARGELY COMPLETED TECHNICAL WORK. PARTRIDGE ALSO SAID THAT IF KORAM WENT AHEAD WITH DRILLING IT HAD MADE CLEAR TO ROKG THAT IT WOULD EXPECT FULL ROKG INDEMNIFICATION OF ITS INVESTMENT AGAINST POLITICAL RISKS. HE ESTIMATED DRILLING INVESTMENT AS ABOUT DOLS 25-30 MILLION. HE CONFIRMED THAT NO DRILLING LIKELY UNTIL NEXT YEAR.

3. HEGINBOTHAM TOLD KORAM OFFICERS THAT OUR POSITION ON EXPLORATION IN DISPUTED WATERS WAS UNCHANGED. EVEN IF GOJ RATIFIED AGREEMENTS WE WOULD ADVISE AGAINST WORK IN JOINT DEVELOPMENT AREA BECAUSE OF PRC CLAIM (PARTRIDGE SAID ROC NO LONGER CLAIMS PART OF JOINT DEVELOPMENT AREA). PARTRIDGE ASKED HEGINBOTHAM HOW SERIOUS WE BELIEVED KOREANS WERE IN THEIR DESIRE TO PRESS AHEAD WITH UNILATERAL DEVELOPMENT. THEY WERE TOLD KOREANS AT THIS POINT SEEMED QUITE SERIOUS, ALTHOUGH WE HAD NOTED SLIGHT FALL OFF IN PUBLIC ANTI-JAPANESE CAMPAIGN BEING MOUNTED IN SEOUL IN REACTION TO FAILURE OF JAPANESE DIET THUS FAR TO RATIFY AGREEMENTS.

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4. PARTRIDGE, NOTING UNDESIRABLE EFFECT OF UNILATERAL DRILLING AND/OR CANCELLATION OF AGREEMENTS ON ROK-JAPANESE RELATIONS, ASKED HOW FAR WE MIGHT BE PREPARED TO GO IN INTERVENING WITH KOREANS TO GET THEM TO CEASE UNILATERAL DRILLING EFFORTS. HE WAS TOLD WE OBVIOUSLY VERY CONCERNED BY ADVERSE EFFECTS OF PROBLEM ON GOJ-ROKG RELATIONS, BUT COULD NOT SAY AT THIS TIME HOW STRONGLY WE MIGHT WISH TO MAKE OUR VIEWS KNOWN.

5. PARTRIDGE NOTED THAT DEPARTMENT'S POSITION NOT UNEXPECTED, AND SAID BE PREPARED FOR VERY STRONG KOREAN PRESSURES TO MOVE AHEAD UNILATERALLY. KORAM RETAINED SOME HOPE OF DIET RATIFICATION; PARTRIDGE ADDED THAT IF JAPAN DID RATIFY, ITS ASSESSMENT OF RISK OF PRC REACTION HAD LED COMPANY TO DECISION TO UNDERTAKE DRILLING. DEPTOFF DESCRIBED PRC'S RECENT PROTEST TO GOJ ON AGREEMENTS.

6. APPRECIATE EFFORTS DESCRIBED SEOUL 3557 TO URGE SOME

PATIENCE ON KOREANS. ROKG SHOULD ALSO BE TOLD THAT OUR
WORLDWIDE POLICY OF ADVISING AGAINST EXPLORATION IN
DISPUTED WATERS REMAINS IN EFFECT, AND WE HAVE SO
INFORMED KORAM.

7. FYI: AS NOTED ABOVE, WE WOULD MAINTAIN THIS ADVICE
EVEN IF JAPAN RATIFIED AGREEMENTS; HOWEVER, IT UNLIKELY
WE WOULD REGARD ELEMENT OF RISK INHERENT IN EXPLORATION
IN THIS AREA AS HIGH AS THAT IN AREA IN WHICH GULF
PROPOSED TO DRILL IN 1975-76. CHRISTOPHER

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